

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

THE FIRST SET OF DOCUMENT AND INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

D.T.E. 05-35

Respondent: Nancy G. Culliford

Date: August 23, 2005

Information Request D.T.E. 1-19

- Q. Please refer to page 21 of the Precedent Agreement, Gas Transportation Agreement, Exhibit B, Buyout/Early Termination Provisions. Explain the rationale for the dates and quantities.
- A. The dates and quantities provided in Exhibit B of the Gas Transportation Agreement were a component of the Company's overall bid strategy. Since Tennessee's capacity offering was limited as to volume and term, and all bids were to be awarded on an NPV basis in accordance with the terms of Tennessee's Binding Open Season, when formulating its bid, the Company considered what volumes and term would fit its need and would also allow the Company to be awarded the capacity. Given ten years represented the minimum allowable term, the Company felt a bid of twenty years with the ability to ratchet down volumes represented the best fit for the Company. In the event that future projects which could more effectively meet the Company's needs come on line, the Company maintains the ability to take advantage of such opportunities with its ability to ratchet down its volumes.